

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

In re: Chapter 11

OLYMPIA OFFICE LLC, et al., Case Nos.:

Debtors. 16-74892 (AST)

16-75515 (AST)

16-75516 (AST)

16-75517 (AST)

(Joint Administration)

DEPOSITION OF ERIC ORSE

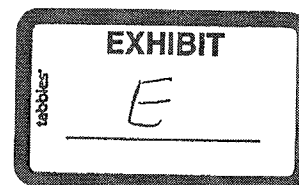
SEATTLE, WASHINGTON

THURSDAY, MARCH 9, 2017

Reported by:

GWEN S. BRASS, CCR 1908, CSR 5784

JOB NO. 119750



<p style="text-align: right;">Page 2</p> <p>1 9TH OF MARCH, 2017 2 1:31 P.M. 3 4 5 DEPOSITION OF ERIC ORSE, HELD AT 6 THE OFFICES OF LANE POWELL, 1420 FIFTH 7 AVENUE, SUITE 4200, SEATTLE, WASHINGTON 8 98101, BEFORE GWEN BRASS, A CERTIFIED 9 COURT REPORTER IN THE STATE OF 10 WASHINGTON AND CERTIFIED SHORTHAND 11 REPORTER IN THE STATE OF CALIFORNIA. 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p>	<p style="text-align: right;">Page 3</p> <p>1 A P P E A R A N C E S 2 3 4 SHEPPARD, MULLIN, RICHTER & HAMPTON 5 Attorneys for MLMT 2015-MCP1 Washington 6 Office Properties LLC 7 30 Rockefeller Plaza 8 New York, New York 10112 9 BY: THOMAS MONAHAN, ESQ. 10 11 12 13 SHEPPARD, MULLIN, RICHTER & HAMPTON 14 Attorneys for MLMT 2015-MCP1 Washington 15 Office Properties LLC 16 30 Rockefeller Plaza 17 New York, New York 10112 18 BY: ALAN FELD, ESQ. 19 20 21 22 23 24 25</p>
<p style="text-align: right;">Page 4</p> <p>1 KARR TUTTLE CAMPBELL 2 Attorneys for Eric Orse 3 701 Fifth Avenue 4 Seattle, Washington 98104 5 BY: DIANA CAREY, ESQ. 6 7 8 9 LAMONICA, HERBST & MANISCALCO 10 Attorneys for Chapter 11 Debtors 11 3305 Jerusalem Avenue 12 Wantagh, New York 11793 13 BY: JORDAN PILEVSKY, ESQ. 14 (APPEARING TELEPHONICALLY) 15 16 17 18 ALSO APPEARING: 19 ALBERT MAIMON, Videographer 20 21 22 23 24 25</p>	<p style="text-align: right;">Page 5</p> <p>1 ERIC ORSE, 2 called as a witness, having been 3 duly sworn by the court reporter, was examined 4 and testified as follows: 5 6 THE VIDEOGRAPHER: Good afternoon. 7 This is the start of tape labeled number 8 1 of the videotaped deposition of Eric 9 Orse in the matter of In Re Olympia 10 Offices LLC, et al., filed in the United 11 States Bankruptcy Court, Eastern 12 District of New York, Number 16-74892 13 (AST), 16-75515 (AST), 16-75516 (AST), 14 16-75517 (AST). 15 This deposition is being held at 16 Lane Powell, 1420 Fourth Avenue, 17 Suite 4200, Seattle, Washington 98101, 18 on March 9 at 2017 at approximately 19 1:32 p.m. 20 My name is Albert Maimon. I'm the 21 legal video specialist from TSG 22 Reporting Inc., headquartered at 23 747 Third Avenue, New York, New York. 24 Your court reporter is Gwen Brass, 25 also in association with TSG Reporting.</p>

ERIC ORSE

Will counsel please introduce yourselves, after which the court reporter will swear in the witness and we will precede.

MR. MONAHAN: Yes. It's Tom Monahan and Alan Feld of Sheppard Mullin on behalf of MLMT 2005-MCP1 Washington Office Properties LLC.

MS. CAREY: Diana Carey of Karr Tuttle Campbell, representing Eric Orse as the management representative of CDC Properties I LLC.

MR. MONAHAN: Before -- and we have on the phone --

Jordan, do you want to give your experience?

MR. PILEVSKY: Yes. Sorry. I had it on mute.

Jordan Pilevsky, LaMonica Herbst & Maniscalco, on behalf of the Chapter 11 debtors.

(Witness sworn by the reporter.)

EXAMINATION

///

ERIC ORSE

BY MR. MONAHAN:

Q. Good afternoon, Mr. Orse.

A. Good afternoon.

Q. As I mentioned just a moment ago, my name's Tom Monahan. I represent MLMT 2005-MCP1 Washington Office Properties LLC, and for the mercy of all of us and the court reporter here, I'm going to refer to that entity as the Noteholder going forward, and if you could understand that -- that I'm referencing that entity.

Does that -- does that work for you?

A. Understood. Yes.

Q. And so I represent the Noteholder in connection with Chapter 11 bankruptcy proceedings commenced by Olympia Office LLC, WA Portfolio LLC, Mariners Portfolio LLC, and Seahawk Portfolio LLC, pending in the Eastern District Bankruptcy Court of New York.

And again for the mercy of everyone here and especially our court reporter, I'm going to refer to those four entities collectively as the debtors here.

ERIC ORSE

Does that work for you here today?

A. Yes, it does.

Q. So, now, obviously you've been deposed before. I know you had your deposition taken in connection with the Washington State court litigation in this matter.

Again, I'll try and limit my inquiry here today to issues that weren't covered in that deposition. But just having had your deposition before -- taken before, are you familiar with how the proceeding works?

A. Yes.

Q. And in addition to the Washington State deposition, have you had your deposition taken before in an instance other than that time?

A. Yes.

Q. About how many times have you had your deposition taken?

A. Probably five.

Q. Okay. So this isn't your first rodeo, so to speak.

ERIC ORSE

A. Yes.

Q. So essentially I'm going to ask you a series of questions. It's really a conversation. I'm looking for information related to our case. I'm going to ask you questions and then I'm going to ask -- and put a question mark on it and ask you for an answer.

If you don't understand my questions, if you could just ask me to rephrase or restate the question, I'll do my best to make it make more sense for you and we can hopefully move these proceedings along as quickly as possible.

If you do answer my question, it'll be assumed that -- I'll assume and it will be assumed that you understood the question.

Does that make sense?

A. Yes.

Q. And while this is generally a question -- you know, a question and answer session, a conversation, it's not really a natural conversation.

You know, we can't speak over one

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another, and we have to give verbal responses as opposed to nods or inaudible responses.

Seems to me you're familiar with that process already in letting me drone on with these instructions to you before answering. But does that work for you, that we don't talk over each other and you'll let me put a question mark on my questions before you answer them?

A. Yes.

Q. Thank you very much.

And, you know, even though it's a more casual setting, you understand that you're under oath? This testimony is sworn to be true under penalties of perjury, the same as if you were giving testimony in open court?

A. Yes.

Q. Okay. Great.

And with that, you know, I'll begin the examination.

And just want to touch base briefly. Are you currently employed?

A. I have my own firm.

Q. And what is that firm?

ERIC ORSE

A. Orse & Company Inc.

Q. And how did Orse & Company Inc. come to -- come into being? What -- when did it start?

A. Incorporated in 1997.

And I do financial services work, primarily in the restructuring world, through that company.

Q. And about how much of the business is devoted to restructuring?

A. Hundred percent right now.

Q. And when you say the restructuring world, you know, what types of engagements does Orse & Company typically do?

A. Receivership, state receivership. I do bankruptcy trustee work, and just chief restructuring officer type work, CRO.

Q. And is there a breakdown between receivership trustee work and work that Orse & Co. typically does?

A. No. I mean, over what period? I typically try to take one or two engagements on at the same time, which takes up a hundred percent of my time. And it could be a

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Chapter 11 trustee engagement or a receivership engagement. And usually they take up most of my time while I'm engaged in the --

Q. So just whatever -- whatever comes in the door, whatever types of engagement, that's the type of engagement --

A. Yes.

Q. -- that would be --

(Parties speaking simultaneously; reporter requesting parties to speak in turn.)

Q. Whatever comes in the door, that would be the engagement that you would be focused on?

A. Yes.

Q. And you said that 100 percent of the firm's business is focused on restructuring at the moment --

A. Since 2009.

Q. And prior to 2009, what other type of work did Orse & Co. do?

A. Merger and acquisition work, pre IPO, initial public offerings, as a, you know, CFO or a CFO junior helping companies prepare

ERIC ORSE

to go public or be acquired.

Q. And during that time was -- what percentage of the firm's work was devoted to that type of pre IPO or start-up work and what percentage was devoted to the restructuring?

A. Probably 75 percent M& -- merger and acquisition type work, IPO work, 25 percent restructure.

Q. And when Orse & Co. was founded -- I'm sorry. What year was that?

A. 1997.

Q. When Orse & Co. was founded, were you doing restructuring work then or --

A. No. I basically go with what the cycle is --

Q. Yeah.

A. -- so in the late '90s I was doing a lot of merger and acquisition work and early stage CFO work for technology companies. That's how I created my company.

And then when the dot com crash hit, I started doing bankruptcy work for that period of time.

And then when that ended, I went

<p style="text-align: right;">Page 14</p> <p>1 ERIC ORSE</p> <p>2 back over to do IPO and M&A work, mergers and</p> <p>3 acquisition.</p> <p>4 And then when 2009 hit, I've been</p> <p>5 doing restructuring work since then.</p> <p>6 Q. And then -- so you said the dot com</p> <p>7 crash, that would be sort of the early aughts,</p> <p>8 like 2003, 2002 ish?</p> <p>9 A. 2001 to 2004.</p> <p>10 Q. And was it in about that time that</p> <p>11 you took your first restructuring work?</p> <p>12 A. Well, no. I worked at</p> <p>13 Pricewaterhouse in the mid '90s and did -- I</p> <p>14 worked in -- I actually was an auditor, and</p> <p>15 then I went back and received a graduate</p> <p>16 degree and returned in the -- what they call</p> <p>17 the dispute analysis and corporate recovery</p> <p>18 group and did bankruptcy work there.</p> <p>19 Q. And do you have any -- what was</p> <p>20 your -- what was your higher degree in?</p> <p>21 A. It's an MBA in finance.</p> <p>22 Q. Do you have any other higher</p> <p>23 education degrees besides an undergraduate</p> <p>24 degree?</p> <p>25 A. I have an undergraduate degree in</p>	<p style="text-align: right;">Page 15</p> <p>1 ERIC ORSE</p> <p>2 accounting and then an MBA in finance.</p> <p>3 Q. And no other degrees?</p> <p>4 How is Orse & Co. managed? Is it</p> <p>5 just you? Do you have employees? Do you have</p> <p>6 other partners? Other owners --</p> <p>7 A. Just me.</p> <p>8 (Parties speaking simultaneously;</p> <p>9 reporter requesting parties to speak in turn.)</p> <p>10 Q. Do you have any other co-owners or</p> <p>11 partners?</p> <p>12 A. No.</p> <p>13 Q. Do you have any employees?</p> <p>14 A. No.</p> <p>15 Q. So it's a one-man show?</p> <p>16 A. Yes.</p> <p>17 Q. And you typically have two</p> <p>18 engagements at one time?</p> <p>19 A. Can, yeah.</p> <p>20 Q. And when you're undertaking those</p> <p>21 engagements, are you more focused on one and</p> <p>22 then on the other or do you sort of juggle</p> <p>23 both at the same time?</p> <p>24 A. Depends on the -- on the cycle of</p> <p>25 which that engagement is. As you know, in</p>
<p style="text-align: right;">Page 16</p> <p>1 ERIC ORSE</p> <p>2 bankruptcy you're busy at the beginning and</p> <p>3 then it can drag on and you take on another</p> <p>4 one. And so it's that kind of a model.</p> <p>5 Q. Do you focus on any particular</p> <p>6 industries in your -- in your work out</p> <p>7 restructuring engagement or are you a jack of</p> <p>8 all trades?</p> <p>9 A. Jack of all trades.</p> <p>10 Q. Any particular background in real</p> <p>11 estate?</p> <p>12 A. No.</p> <p>13 Q. Have you taken on real estate</p> <p>14 bankruptcy in restructuring engagements?</p> <p>15 A. Not specific to real estate, no.</p> <p>16 I've had engagements where we've had to deal</p> <p>17 with real estate transactions but not specific</p> <p>18 portfolios of real estate.</p> <p>19 Q. Other than -- so what -- can you</p> <p>20 give me just some past examples in the last</p> <p>21 five years of the types of engagements that</p> <p>22 you've worked on?</p> <p>23 A. Sure.</p> <p>24 I've worked on two receiverships,</p> <p>25 one of them as the receiver. It was a real</p>	<p style="text-align: right;">Page 17</p> <p>1 ERIC ORSE</p> <p>2 estate escrow company called Hartman Escrow.</p> <p>3 As the receiver.</p> <p>4 I was the chief financial advisor</p> <p>5 for the trustee on Darren Berg's bankruptcy.</p> <p>6 And -- oh, the other receivership</p> <p>7 was an entity called Worldwide Water that I</p> <p>8 was assisting the receiver on.</p> <p>9 And also in there I was the chief</p> <p>10 financial officer for a manufacturing company</p> <p>11 called Worldwide Press.</p> <p>12 Q. And as far as trustee engagements,</p> <p>13 have you had any trustee engagements in about</p> <p>14 the past five years?</p> <p>15 A. The trustee engagement would have</p> <p>16 been this case, Prium Companies and -- well,</p> <p>17 it was Price & Um. I was appointed the</p> <p>18 Chapter 11 trustee of Tom Price and Hyun Um.</p> <p>19 Q. Any connection with your trustee</p> <p>20 engagement? Are you familiar with the types</p> <p>21 of duties that you are bestowed with as a</p> <p>22 trustee?</p> <p>23 A. Yes.</p> <p>24 Q. And what types of duties do you</p> <p>25 understand those to be?</p>

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A. I have a fiduciary responsibility to the various stakeholders and creditors, unsecured creditors, lenders, and to the court itself.

Q. And would that fiduciary duty extend to secured creditors as well?

A. Yes.

Q. Now, sort of turning to the Prium Companies, the Prium bankruptcy --

A. "Prium."

Q. Prium? Thank you.

-- the Prium bankruptcy, how did you become appointed as the trustee for the Prium bankruptcy?

A. So it -- it's Price & Um. The individuals filed bankruptcy. I was contacted by the US trustee in the fall of 2013 as a potential candidate to be the trustee over the individuals Tom Price and Hyun Um, and I accepted that position.

So that's -- that's who I am -- was the Chapter 11 trustee over, Tom Price and Hyun Um.

Q. And in the course of that trustee

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engagement, did you become engaged in another capacity with respect to what's known as the Prium Companies?

A. Yes.

Q. And how did that come about?

A. Prium Companies LLC, which was owned by Tom Price, Hyun Um, and one other shareholder, was taken into Chapter 11 in August of 2014; and rather than appoint another trustee, Judge Snyder appointed me as the management representative of the Prium Companies LLC.

Q. And how did he appoint you the management representative of Prium Companies LLC?

A. With an order.

Q. And did that order include certain other entities that Prium -- the Prium Companies held or their subsidiaries held?

A. Yes, it did.

Q. And was one of those companies CDC Properties I LLC?

A. Yes.

Q. And you mentioned that you -- and

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were you ultimately made the management representative of CDC Properties I LLC?

A. Yes.

Q. And you mentioned this role as management representative. What's your understanding of what a management representative is, and how does being a management representative differ from being a trustee?

A. I'm not sure it differs. The management order that was approved for me as Chapter 11 trustee of Price & Um I believe is the same order that was approved in the Prium bankruptcy for me as management representative. So the same management authority I had as the Chapter 11 trustee in Price & Um was given to me as the management representative in Prium Companies LLC.

Q. And would that authority also come with the same fiduciary and other duties that you would have had as the trustee in the bankruptcy?

A. Yes.

Q. And in connection with your

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engagement on the Price and Um bankruptcies and your engagement as the management representative of the Prium -- Prium Companies, was that a separate engagement? Was there a different compensation structure, a different --

A. Same --

Q. -- agreement?

A. Same compensation structure.

The compensation structure was an hourly rate that was approved where I had to file fee applications every two months and the judge approved the fees in Prium as management representative just as he did with Price & Um as trustee.

Q. And when you -- and was the engagement with respect to CDC Properties I LLC under the same umbrella? Would you be putting in fee applications in the Prium bankruptcy estate for CDC Properties I LLC work, or was there a separate engagement there, or was it all sort of the same boat?

A. All of the same boat.

Q. Okay. And just so we're not

<p style="text-align: right;">Page 22</p> <p>1 ERIC ORSE</p> <p>2 completely talking in a vacuum here --</p> <p>3 MR. MONAHAN: Could you just mark</p> <p>4 this as 1, please.</p> <p>5 (Exhibit 1 was marked for</p> <p>6 identification.)</p> <p>7 Q. If you could just take a moment to</p> <p>8 review what's been marked as Noteholder</p> <p>9 Exhibit 1, and let me know if you've seen the</p> <p>10 document before, if you're familiar with it.</p> <p>11 A. (Reviewing.)</p> <p>12 Yes, I have.</p> <p>13 Q. And is this the order appointing</p> <p>14 you as management representative of the Prium</p> <p>15 Companies including CDC Properties I LLC? The</p> <p>16 order we were just discussing.</p> <p>17 A. (Reviewing.)</p> <p>18 Yes.</p> <p>19 Q. And, now, sort of pivoting from the</p> <p>20 broader Prium engagement to the CDC</p> <p>21 Properties I LLC engagement, what can you tell</p> <p>22 me generally about CDC Properties I LLC? What</p> <p>23 was its business? What did it do?</p> <p>24 A. When I took over, it had ten</p> <p>25 buildings, commercial buildings, around the</p>	<p style="text-align: right;">Page 23</p> <p>1 ERIC ORSE</p> <p>2 state of Washington where we had tenants,</p> <p>3 classic commercial real estate business.</p> <p>4 Primary tenants were the state of</p> <p>5 Washington -- yeah, the state of Washington,</p> <p>6 different agencies of the state of Washington.</p> <p>7 So my role was to -- along with</p> <p>8 other portfolios and other buildings under</p> <p>9 Prium -- was to restructure that and basically</p> <p>10 figure out the best modes for returning --</p> <p>11 returning -- getting a return for the</p> <p>12 creditors of Prium Companies.</p> <p>13 Q. And in connection with that, did</p> <p>14 you have opportunity to interact with the</p> <p>15 creditors of CDC Properties I LLC</p> <p>16 specifically?</p> <p>17 A. The -- well, I interacted with the</p> <p>18 lender. So when you say creditors, I'm not</p> <p>19 sure exactly what you're asking. But I</p> <p>20 interacted with the lender and -- and Derek</p> <p>21 Edmonds, which was -- I'm not sure he's a</p> <p>22 creditor, but he's in line for the bankruptcy</p> <p>23 plan, the CDC bankruptcy plan, as a -- someone</p> <p>24 who would get paid out.</p> <p>25 I did not have any interaction with</p>
<p style="text-align: right;">Page 24</p> <p>1 ERIC ORSE</p> <p>2 unsecured creditors.</p> <p>3 Q. Did you have any interaction with</p> <p>4 the secured creditors, with the lenders who</p> <p>5 lent the property to acquire the ten</p> <p>6 properties that CDC Properties I LLC held?</p> <p>7 A. Sorry. Reask the question.</p> <p>8 Q. Of course.</p> <p>9 (Brief interruption.)</p> <p>10 THE VIDEOGRAPHER: The time is</p> <p>11 1:52 p.m. We're off the record.</p> <p>12 (Recess taken from 1:52 p.m. to</p> <p>13 1:53 p.m.)</p> <p>14 THE VIDEOGRAPHER: The time is</p> <p>15 1:54 p.m. We're on the record.</p> <p>16 MS. CAREY: You -- an objection</p> <p>17 here. You have defined Noteholder</p> <p>18 previously in this matter, and now</p> <p>19 you're using the term lender. I'm not</p> <p>20 sure that you have clarified who the</p> <p>21 lender is or the same as the Noteholder.</p> <p>22 So perhaps you could rephrase that</p> <p>23 question.</p> <p>24 MR. MONAHAN: Yeah. Understood.</p> <p>25 Q. And you had mentioned that you</p>	<p style="text-align: right;">Page 25</p> <p>1 ERIC ORSE</p> <p>2 communicated with the lender. Who -- who --</p> <p>3 who did you communicate with? Who were they</p> <p>4 representing?</p> <p>5 A. That would be the Noteholder --</p> <p>6 Q. Okay.</p> <p>7 A. -- in your definition. Sorry. I</p> <p>8 changed the term.</p> <p>9 We had various interactions</p> <p>10 throughout the years with -- I guess it would</p> <p>11 be the special servicer. Trying to remember</p> <p>12 his name. Paul. Who was our main interaction</p> <p>13 with regards to our operating payments every</p> <p>14 month and, you know, the ten payments to</p> <p>15 the -- to a lock box.</p> <p>16 Q. And you mentioned the special</p> <p>17 servicer that Paul would be working for. That</p> <p>18 would be Midland, correct?</p> <p>19 A. Correct. Yes.</p> <p>20 Sorry. I don't recall his last</p> <p>21 name.</p> <p>22 Q. No problem at all.</p> <p>23 A. Paul Martin.</p> <p>24 Q. And how frequently and sort of on</p> <p>25 what basis would you interact with Mr. Martin?</p>

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A. Initially when I came into the case, I interacted with him maybe once a month, just to give him an update on the status of the portfolio. Then it slowed down because things were, you know, running fairly normally. Then we had interactions on trying to determine the debt balance of the loan, the loans and the accounting surrounding that. We did that for, you know, over an 18-month period, back and forth.

And then as the case -- the Prium case was -- was nearing its -- nearing the fourth quarter, we -- we wanted to deal with all the assets we had, including CDC, so we approached Paul about selling various buildings.

And, in fact, in December of 2015, we sold the Wenatchee building to a buyer approved by Paul and a lender, all the proceeds of which went to pay -- pay down the note.

And then we, in the spring of 2016, had multiple calls and emails with him regarding trying to restructure the portfolio

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and, in fact, had purchase and sale agreements in place from Derek Edmonds or Centrum who were interested in buying the buildings. And Paul was reviewing those with the lender.

And then, as you probably saw in my prior deposition, it went into bankruptcy -- went into receivership as that process was ongoing.

Q. So just a few sort of quick questions following up on that.

A. Yes.

Q. When you said as the Prium case was entering the fourth quarter, you mean like the fourth quarter of a football game? It was nearing the end, correct?

A. Yes.

Q. And so once you sold the Wenatchee property, you were down to nine properties, correct?

A. Correct.

Q. And at the time the receivership started, CDC Properties I LLC still held those nine properties, correct?

A. Yes.

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Q. And just going forward, I'm going to refer colloquially to those nine properties as "the properties." They're the real properties at issue in this case.

Does that work for you as well?

A. Yes.

Q. And I'll try and be better about my definitions as well so we'll avoid objections from Ms. Carey on those issues.

And you mentioned that the -- that a receivership occurred with respect to CDC Member -- I'm sorry, CDC Properties I LLC.

A. Yes.

Q. How did that come about?

A. Not quite sure how to answer that question. Your client would probably know the answer to that.

But we were notified probably 30 days in advance that a receivership action, custodial receivership of the state of Washington action, had been started and we continued to talk to Paul Martin about the purchase and sale agreements that were signed by the buyer, needed to be approved by the

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lender. We couldn't get that approved through Paul Martin, and so the receivership order, we did not object to it when it was approved. Nobody objected to it. And we transitioned the properties off to the receiver.

Q. And so at this time, the receiver is managing the day-to-day operations of the property, correct?

A. Yes.

Q. And you are still the management representative of CDC Properties I LLC, correct?

A. Yes.

Q. And you mentioned that you and -- you and Paul were having discussions about settling on the loan balance and that the sale of the one lower case property, the tenth property that was sold, the Wenatchee property, was used to pay down that loan balance.

During those conversations, did you both arrive at an agreed-upon loan balance that you understood to be what was outstanding and owed to the Noteholder?

ERIC ORSE

A. No.

Q. And what was the end result of -- strike that.

Why not?

A. The loan balance -- the reason I hesitated, we didn't agree on the amount owed. The loan balance itself I believe we agreed on. The default interest calculations and the reason for the default interest and the timing of the default interest is what I could never reconcile because I never was able to receive accounting that tied our records. Throughout the whole CDC case.

Q. And did you -- was there sort of a gap of the Noteholder claims one amount and you felt it was another amount?

A. Yes. And the accounting that the Noteholder or special servicer provided from plan confirmation through whatever date I was looking at it, we could not tie the cash flow. We couldn't -- we couldn't get the assumptions for what the lender and/or the special servicer had, those assumptions they made, to what our books said.

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Q. And do you recall sort of what the spread was between the Noteholder's number and your number, what your books said?

A. Round number, about 4 million.

Q. And during those conversations and during your calculations, did you have any understanding as to whether there was equity in the CDC Properties I LLC portfolio, equity in the properties?

A. It came down to that \$4 million.

And by the way, I'm using the term note. There were two notes, of which both had default interest put on them. And that was one of our challenges, is if the default hadn't happened, based on a different way to look at cash flow, the note balance, there would have been equity. Which is what I was under the impression when I came in the case. And then when I started getting payoff information and tried to reconcile that with the lender, it became clear that the equity would not -- it probably was very little equity if the Noteholder's balance was accurate.

ERIC ORSE

And so the answer could be yes depending on what balance you thought was right versus what the lender thought.

Q. So after the spring 2016 receivership happens, what was your day-to-day or week-to-week or even month-to-month job as the management representative of CDC I Properties LLC? What transpired?

A. After the receivership?

Q. Yeah.

A. Once the receivership occurred, my role was basically to finish up the reporting that was rolling up through Prium Companies at the bankruptcy, and then I was in the process of -- that was -- that was the last -- state this correctly.

That was the second to last building portfolio in the -- under the Prium Companies' umbrella. So I was in the process of wrapping up the Prium Companies' case at that point.

So to answer your question, very little with regards to the CDC portfolio.

Q. And did there come a time that you

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or your representatives received an inquiry to purchase the CDC portfolio?

A. Yes.

Q. And how did that come about?

A. The US trustee here in western Washington received an email and forwarded that email to Diana Carey, my attorney, with that inquiry in July, I believe, of 2016.

MR. MONAHAN: Can we mark this as 2.

(Exhibit 2 was marked for identification.)

Q. If you can just take a moment to review this, and let me know when you're ready.

A. (Reviewing.)

Yes.

Whoops. Hold on. What's on the back?

(Reviewing.)

MS. CAREY: Notice of trustee sale.

Q. Yeah, so that was the attachment --

MS. CAREY: Yeah.

Q. -- to the -- to the email.

1 ERIC ORSE
 2 A. Okay. Yes.
 3 Q. And is this the email that you
 4 were -- that you were referencing --
 5 A. It is.
 6 Q. -- a moment ago?
 7 And so that email in -- was to the
 8 US trustee but -- but copied Ms. Carey here,
 9 is that right?
 10 A. Yes.
 11 Q. And did you ultimately receive a
 12 copy of this email? Have you seen this email
 13 before?
 14 A. Yes.
 15 Q. Did you see the email at or about
 16 the time that it was received by Ms. Carey and
 17 the US trustee?
 18 A. Yes.
 19 Q. And the email's from a gentleman
 20 named Kazu Yamaguchi. Prior to receiving this
 21 email, had you ever heard of Mr. Yamaguchi?
 22 A. No.
 23 Q. Did you know who he was?
 24 A. No.
 25 Q. What was your reaction when you

1 ERIC ORSE
 2 received the email?
 3 A. Surprised. And, again, the mindset
 4 we were in at that point was we were closing
 5 Prium down. We had been -- as Mr. Feld can
 6 attest to, Judge Snyder had been asking us to
 7 get the case wrapped up, and so we were
 8 pushing to wrap up the case. And when I saw
 9 this offer, I thought, "Well, it was a benefit
 10 to the creditors of Prium," so we looked into
 11 it.
 12 Q. You mentioned you were surprised.
 13 Why were you surprised?
 14 A. Because I thought CDC, at that
 15 point, we were done working on CDC.
 16 Q. And --
 17 A. Because it was in receiver -- you
 18 know, we passed all the assets off to the
 19 receiver.
 20 Q. And you mentioned that you thought
 21 that it would be a benefit to the creditors.
 22 Why?
 23 A. Well, that's my job as a fiduciary
 24 is to return as much as I can to the unsecured
 25 creditors. And so bringing the money into the

1 ERIC ORSE
 2 Prium estate would pay more money off to the
 3 creditors.
 4 Q. And you just mentioned to the
 5 unsecured creditors.
 6 A. Correct.
 7 Q. Did you give any consideration as
 8 to the benefit to the secured creditors of
 9 such a transaction?
 10 A. Well, the secured creditors, the
 11 concept would be that we would sell with the
 12 liens attached to the properties. So the
 13 secured creditors were covered by those liens.
 14 Q. So upon receiving this inquiry,
 15 what did you do next?
 16 A. I think -- I don't have all the
 17 emails in front of me, but I think we
 18 responded -- I didn't, Diana, I think, maybe
 19 did, my attorney -- responded to the buyer --
 20 the buyer's inquiry, maybe asking for an
 21 offer. I don't -- I don't recall the exact
 22 steps along the way, but it was -- it happened
 23 fairly quickly.
 24 Q. Understood.
 25 MR. MONAHAN: And we'll mark this

1 ERIC ORSE
 2 as 3, I believe.
 3 (Exhibit 3 was marked for
 4 identification.)
 5 Q. If you can just take a moment to
 6 review this set of -- an email with
 7 attachments.
 8 A. (Reviewing.)
 9 Okay. I've reviewed it.
 10 Q. Great.
 11 And now if I can just direct your
 12 attention, we added Bates numbers here to the
 13 bottom of the page.
 14 A. Yes.
 15 Q. So ORSE 603 --
 16 A. Yes.
 17 Q. -- which is the initial email from
 18 Mr. Yamaguchi, correct? The one we just were
 19 looking at in Exhibit 2?
 20 A. Yes.
 21 Q. And, as you will see, your memory
 22 does serve you. ORSE 600, Ms. Carey directs
 23 him to submit an offer and contact person for
 24 response.
 25 A. Yes.

<p style="text-align: right;">Page 38</p> <p>1 ERIC ORSE</p> <p>2 Q. At the time this offer was made,</p> <p>3 had you directed Ms. Carey to request an</p> <p>4 offer?</p> <p>5 A. Yes.</p> <p>6 Q. And as you'll see from the</p> <p>7 beginning of this email, ORSE 596, it's an</p> <p>8 email from Mr. Yamaguchi indicating that he's</p> <p>9 attached a Letter of Intent, and that Letter</p> <p>10 of Intent is attached here as ORSE 605. It's</p> <p>11 the first attachment to the email.</p> <p>12 A. A Letter of Intent to Purchase?</p> <p>13 Q. Yes. Exactly.</p> <p>14 A. Okay.</p> <p>15 Q. And did you ultimately receive this</p> <p>16 Letter of Intent to Purchase?</p> <p>17 A. Yes.</p> <p>18 Q. And did you receive it at or about</p> <p>19 the time that it came in?</p> <p>20 A. Yes.</p> <p>21 Q. And you see the price term there</p> <p>22 was \$100,000?</p> <p>23 A. Yes.</p> <p>24 Q. For the 100 percent controlling LLC</p> <p>25 interest of CDC Properties I LLC?</p>	<p style="text-align: right;">Page 39</p> <p>1 ERIC ORSE</p> <p>2 A. Yes.</p> <p>3 Q. What was your reaction to this</p> <p>4 offer?</p> <p>5 A. I was happy to get an offer and</p> <p>6 thought we should take it. Again, trying to</p> <p>7 get the case closed.</p> <p>8 Q. At the time you received the offer,</p> <p>9 did you believe you had the authority to</p> <p>10 complete this transaction --</p> <p>11 A. Yes.</p> <p>12 Q. -- to close the offer?</p> <p>13 MR. MONAHAN: And, now, could we</p> <p>14 mark this as 4, please.</p> <p>15 (Exhibit 4 was marked for</p> <p>16 identification.)</p> <p>17 Q. And, now, if you could just turn</p> <p>18 your attention to that email on the first</p> <p>19 page. It's the email sent on July 27 at</p> <p>20 11:30 a.m., indicating "your offer is</p> <p>21 acceptable" in the second sentence. "There</p> <p>22 will be no representations or warranties."</p> <p>23 Did you authorize Ms. Carey to</p> <p>24 convey your acceptance?</p> <p>25 A. Yes.</p>
<p style="text-align: right;">Page 40</p> <p>1 ERIC ORSE</p> <p>2 Q. And that acceptance on January --</p> <p>3 on July 27, 2016, came two days after the</p> <p>4 offer came in, correct? If you'll see on</p> <p>5 ORSE 589, the email from Mr. Yamaguchi with</p> <p>6 the Letter of Intent came in on July 25.</p> <p>7 A. Yes.</p> <p>8 Q. And between the offer coming in on</p> <p>9 July 25 and the acceptance on July 27, what</p> <p>10 did you do to analyze and consider this offer?</p> <p>11 A. I didn't do a lot. Again, we were</p> <p>12 not spending a lot of time on the CDC, and we</p> <p>13 were in the process of closing the Prium case.</p> <p>14 Q. Well, when you say, you know, you</p> <p>15 didn't do a lot, did you review any files or</p> <p>16 any analyses you had done with respect to the</p> <p>17 properties?</p> <p>18 A. No.</p> <p>19 Q. Did you --</p> <p>20 A. Because, remember, at this time the</p> <p>21 properties were in receivership.</p> <p>22 Q. Did you speak to the receiver about</p> <p>23 the offer?</p> <p>24 A. No.</p> <p>25 Q. Did you speak to any of the</p>	<p style="text-align: right;">Page 41</p> <p>1 ERIC ORSE</p> <p>2 creditors about the offer?</p> <p>3 A. No.</p> <p>4 Q. Did you --</p> <p>5 A. Define creditors, please.</p> <p>6 Q. Anyone who was owed money by CDC</p> <p>7 Properties I LLC.</p> <p>8 A. No.</p> <p>9 Q. Did you speak to anyone other than</p> <p>10 counsel regarding this offer?</p> <p>11 A. The only person I would have</p> <p>12 possibly talked to was Tom Petramalo, who was</p> <p>13 my property manager.</p> <p>14 Q. Did you speak to anyone affiliated</p> <p>15 with the Noteholder regarding this offer?</p> <p>16 A. No.</p> <p>17 Q. Did you solicit other offers?</p> <p>18 A. No.</p> <p>19 Q. Did you think about soliciting</p> <p>20 other offers?</p> <p>21 A. No.</p> <p>22 Q. Why not?</p> <p>23 A. Again, we were in the process of</p> <p>24 closing up the case. We had passed the</p> <p>25 properties off to the receiver, and we were</p>

<p style="text-align: right;">Page 42</p> <p>1 ERIC ORSE</p> <p>2 under strict orders from Judge Snyder to get</p> <p>3 this moving. So we were going to take what we</p> <p>4 could get and move on rather than have a, you</p> <p>5 know, extended, you know, offer period or</p> <p>6 something like that.</p> <p>7 Q. Did you consider touching base with</p> <p>8 the Noteholder to see if they'd match the</p> <p>9 offer --</p> <p>10 A. No.</p> <p>11 Q. -- or beat it?</p> <p>12 A. No.</p> <p>13 MR. MONAHAN: Up to 5? I get lost</p> <p>14 on these numbers.</p> <p>15 (Exhibit 5 was marked for</p> <p>16 identification.)</p> <p>17 Q. Mr. Orse, if you could just take a</p> <p>18 moment to review ORSE Exhibit 5.</p> <p>19 A. (Reviewing.)</p> <p>20 Okay.</p> <p>21 Q. And I guess before we get into the</p> <p>22 document, after you accepted the offer in</p> <p>23 Noteholder Exhibit 4 --</p> <p>24 A. Yes.</p> <p>25 Q. -- what happened next?</p>	<p style="text-align: right;">Page 43</p> <p>1 ERIC ORSE</p> <p>2 A. Well, we started to prepare the --</p> <p>3 the purchase agreement.</p> <p>4 Q. And you say "we." Was it -- it was</p> <p>5 you or a law firm on your behalf --</p> <p>6 A. Law firm on my behalf.</p> <p>7 Q. And who was that firm?</p> <p>8 A. Karr Tuttle Campbell.</p> <p>9 Q. And was Mr. Feinberg, Michael</p> <p>10 Feinberg, taking the lead on that at that</p> <p>11 point?</p> <p>12 A. Yes.</p> <p>13 Q. And do you know who was</p> <p>14 representing the purchaser in those</p> <p>15 communications?</p> <p>16 A. It was Robyn Tuerk.</p> <p>17 Q. And how did you or your attorneys</p> <p>18 come in contact with Ms. Tuerk?</p> <p>19 A. Well, I believe there's an email in</p> <p>20 one of the prior exhibits where Diana Carey,</p> <p>21 my attorney, asks Kazu for their attorney</p> <p>22 contact. And so they must have connected via</p> <p>23 email along the way.</p> <p>24 Q. And -- and through that process</p> <p>25 they came up with this document, which is Orse</p>
<p style="text-align: right;">Page 44</p> <p>1 ERIC ORSE</p> <p>2 Exhibit 5, is that right?</p> <p>3 A. Correct.</p> <p>4 Q. Now, is this the initial agreement</p> <p>5 arising out of Mr. Yamaguchi's offer?</p> <p>6 A. Yes.</p> <p>7 Q. And if you'll look at the last page</p> <p>8 of the agreement itself, which is ORSE 430 --</p> <p>9 A. Okay. Yes.</p> <p>10 Q. -- it has -- the signatory for the</p> <p>11 purchaser is CDC Member LLC.</p> <p>12 A. Yes.</p> <p>13 Q. What did you understand CDC Member</p> <p>14 LLC to be?</p> <p>15 A. The buyer.</p> <p>16 Q. And you see the name Linda</p> <p>17 Greenfield, and her signature actually appears</p> <p>18 on the following page on ORSE 431.</p> <p>19 A. Yes.</p> <p>20 Q. Do you know who Ms. Greenfield is?</p> <p>21 A. No.</p> <p>22 Q. Did you ever speak with her?</p> <p>23 A. No.</p> <p>24 Q. To your knowledge, did your counsel</p> <p>25 ever speak with her?</p>	<p style="text-align: right;">Page 45</p> <p>1 ERIC ORSE</p> <p>2 A. No.</p> <p>3 Q. Were there any emails or other</p> <p>4 communications with Ms. Greenfield, to your</p> <p>5 knowledge?</p> <p>6 A. Not that I'm aware of.</p> <p>7 Q. Do you understand what</p> <p>8 Ms. Greenfield's role was at CDC Member LLC?</p> <p>9 A. I do not.</p> <p>10 Q. Did you understand what the</p> <p>11 business of CDC Member LLC was?</p> <p>12 A. No.</p> <p>13 Q. Did you or anyone or your behalf</p> <p>14 conduct any due diligence with respect to</p> <p>15 CDC Member LLC?</p> <p>16 MS. CAREY: Answer to the extent of</p> <p>17 your knowledge.</p> <p>18 A. If we did, it was very limited.</p> <p>19 Google search. Which I don't recall it turned</p> <p>20 up anything that -- that I remember. So very</p> <p>21 little.</p> <p>22 Q. Do you know whose idea it was to</p> <p>23 structure this deal as an acquisition of the</p> <p>24 membership interest of CDC I LLC?</p> <p>25 A. I -- I don't recall. I believe</p>

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it's in one of these prior emails, though, isn't it?

Q. I think as the -- the Letter of Intent indicated that the Letter of Intent was to purchase the controlling interest of the LLC for CDC Properties I. That's Exhibit 3.

A. So Kazu, in the original email, the one that was sent to the US trustee, states: Would you be able to sell the LLC interest of CDC Properties I LLC?

Q. And -- and so this was always—at least from Mr. Yamaguchi's proposal until this document was created—a transfer of the membership interest in CDC I Properties LLC, correct?

A. Originally, yes.

Q. And did that ultimately change?

A. It did.

Q. And why did that ultimately change?

A. We came to the realization that we would incur REET, real estate excise tax, State of Washington, on the sale of the the interest would have made the the sale a negative return on investment for us.

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Q. And the obligation to pay that that amount, the REET amount, would have been CDC Properties I LLC's responsibility?

A. Yes.

Q. It's the seller's responsibility?

A. Yes.

Q. And as a result, was this transaction ultimately restructured or changed?

A. Yes.

Q. And how was it restructured or changed?

A. We changed the purchase agreement to the purchase of the properties versus the purchase of the LLC interest.

Q. And that avoided the REET tax?

A. Yes.

Q. Why is that?

A. Well, I'm not a tax expert, but counsel has told me that it's not -- it's either not subject or you -- I don't recall, but we were given an opinion that it wasn't subject to it.

Q. Was it your -- is it your

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understanding that the transfer of the properties was not subject to the tax because the plan for CDC Properties I LLC, the bankruptcy plan, indicated as much?

A. That -- that could be correct, yes.

So what I think what you're saying is, if it's sold subject to the plan?

Q. I think I can clear this up.

A. Okay.

MR. MONAHAN: 6.

(Exhibit 6 was marked for identification.)

Q. And if you could just take a look at the email on top. I don't think I have any questions about the lengthy attachment.

A. Okay.

(Reviewing.)

Q. And I'll just direct you to the third full sentence is -- full sentence of the first page, ORSE 382, says: Thus Orse is a manager of CDC I Properties still -- I, still retains the ability to transfer the real property, which sale, pursuant to CDC's confirmed plan of organization at paragraph 6,

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is free of excise tax.

A. Yes.

Q. Does that refresh your recollection as to the purpose of structuring this as a sale of the property?

A. Yes.

Q. And was the idea to restructure this deal ultimately the decision -- was that ultimately your decision?

A. Yes.

Q. And as you indicated before, it's something you did so that this transaction was in the green for CDC Properties I LLC, correct?

A. Yes.

Q. How do you -- strike that.

After Ms. Carey makes this proposal to restructure the deal in -- as a -- as a transfer of the properties, what happened next? Was that ultimately implemented?

A. Yes.

Q. And do you recall how that was ultimately implemented?

A. You mean for purposes of an

1 ERIC ORSE

2 agreement?

3 Q. Yeah.

4 A. Yeah. Well, we -- we restructured
5 the agreement to -- to -- to sell the
6 properties directly.

7 Q. And was that an agreement to sell
8 the properties -- did you enter into a new
9 agreement separate and apart from the signed
10 agreement that was the membership purchase
11 agreement that we looked at as Exhibit 5?

12 A. Yes.

13 Q. And did that agreement call for the
14 conveyance of the properties by a quitclaim
15 deed?

16 A. Yes.

17 MR. MONAHAN: Can we mark this as

18 7.

19 (Exhibit 7 was marked for
20 identification.)

21 Q. Why don't you take an opportunity
22 to review Noteholder Exhibit 7 and just let me
23 know: Is this the agreement that was
24 ultimately renegotiated and signed?

25 A. Yes. Yes, it is.

1 ERIC ORSE

2 Q. If you'll look with me at
3 paragraph 7.1.1 of the agreement --

4 A. Yes.

5 Q. -- under "Authority," it says: The
6 seller has the power and authority to execute
7 and deliver this agreement and to consummate
8 the transactions contemplated by this
9 agreement. Eric D. Orse as management
10 representative has the full and unfettered
11 right, power, and authority to execute and
12 deliver this agreement and to bind the seller.

13 Did you believe that to be the case
14 at the time that you signed this agreement?

15 A. Yes.

16 Q. Do you now understand that that
17 wasn't the case?

18 A. No.

19 Q. Isn't it a fact that both the
20 bankruptcy plan and the deeds of trust, the
21 bankruptcy plan entered in the CDC I
22 Properties bankruptcy and the deeds of trust
23 executed by CDC Properties I LLC, prohibit,
24 expressly prohibit, the transfer of the
25 properties?

1 ERIC ORSE

2 A. Well, we sold the properties
3 subject to the lien -- the liens, which we
4 felt from a business perspective was
5 appropriate.

6 Q. But you'll agree with me that it
7 was prohibited by the plan, correct?

8 MS. CAREY: Asked and answered.

9 MR. MONAHAN: I don't believe that
10 it has.

11 Q. That -- the transfer of the
12 properties was prohibited by the plan,
13 correct?

14 A. That's not our understanding, no.

15 Q. And the transfer of the properties
16 was prohibited by the deeds of trust that
17 CDC Properties I LLC had signed, correct?

18 A. Not that I'm aware of.

19 Q. Before you entered into this
20 agreement --

21 A. Yes.

22 Q. -- had you reviewed the bankruptcy
23 plan for CDC Properties I LLC?

24 A. Yes.

25 Q. Had you reviewed the deeds of trust

1 ERIC ORSE

2 on the properties held by CDC Properties I
3 LLC?

4 A. Yes.

5 Q. And are you familiar with them
6 generally?

7 A. Generally.

8 MR. MONAHAN: 8? Is that right?

9 (Exhibit 8 was marked for
10 identification.)

11 Q. The court reporter has placed
12 before you what is Noteholder Exhibit 8, which
13 I will do us all the mercy of not requiring us
14 all to read in full.

15 But if I can -- is this one of the
16 deeds of trust for one of the properties held
17 by CDC Properties I LLC?

18 A. I take your word for it, yes.

19 Appears to be. I mean, I...

20 Q. And if you'll just go to the end of
21 the document, which is signed on page 104 of
22 113.

23 A. 104 of 113?

24 Q. Yeah.

25 A. Yes.

<p style="text-align: right;">Page 54</p> <p>1 ERIC ORSE</p> <p>2 Q. Is that -- do you recognize that to</p> <p>3 be the signature of Hyun Um?</p> <p>4 A. "Hyun Um."</p> <p>5 Q. Hyun Um?</p> <p>6 A. It appears to be, yes.</p> <p>7 Q. And this appears to be a deed of</p> <p>8 trust that was recorded in Thurston County,</p> <p>9 Washington, correct?</p> <p>10 A. Yes.</p> <p>11 Q. And if you'll turn your attention</p> <p>12 to page 72 of 113, section 9.02 titled "No</p> <p>13 Transfer," if you'll look at the second full</p> <p>14 sentence, it says: Borrower shall not</p> <p>15 transfer nor permit any transfer without the</p> <p>16 prior written consent of lender, which consent</p> <p>17 lender may withhold in its sole and absolute</p> <p>18 discretion.</p> <p>19 A. Okay.</p> <p>20 Q. Do you understand that to prohibit</p> <p>21 CDC Properties I LLC from transferring the</p> <p>22 property subject to this deed of trust?</p> <p>23 A. Well, that's what it says.</p> <p>24 Q. And you are familiar with this deed</p> <p>25 of trust, correct?</p>	<p style="text-align: right;">Page 55</p> <p>1 ERIC ORSE</p> <p>2 A. Yes.</p> <p>3 Q. And you were familiar with this</p> <p>4 deed of trust when you received the offer to</p> <p>5 sell this property?</p> <p>6 A. Yes.</p> <p>7 Q. And you were familiar with this</p> <p>8 deed of trust when you signed the offer to</p> <p>9 sell this property?</p> <p>10 A. Yes.</p> <p>11 Q. And I'm just going to ask again:</p> <p>12 How does this deed of trust not prohibit you,</p> <p>13 as the management representative of CDC</p> <p>14 Properties I LLC, from transferring the</p> <p>15 property without the consent of the lender or</p> <p>16 the Noteholder?</p> <p>17 A. I'm not an attorney. I was under</p> <p>18 the impression that we sold it subject to the</p> <p>19 confirmed bankruptcy plan which allowed us to</p> <p>20 do that.</p> <p>21 Q. Why don't we turn to that.</p> <p>22 MR. MONAHAN: 9?</p> <p>23 (Exhibit 9 was marked for</p> <p>24 identification.)</p> <p>25 Q. And now, Mr. Orse, the court</p>
<p style="text-align: right;">Page 56</p> <p>1 ERIC ORSE</p> <p>2 reporter has placed before you Noteholder</p> <p>3 Exhibit 9, which was previously marked at your</p> <p>4 deposition in the state court action as Eric</p> <p>5 Orse Exhibit 2.</p> <p>6 Is this the confirmed bankruptcy</p> <p>7 plan that you were referring to a moment ago?</p> <p>8 A. Yes.</p> <p>9 Q. Now, if you'll turn with me to --</p> <p>10 if you look at the page numbers on the</p> <p>11 bottom --</p> <p>12 A. Yes.</p> <p>13 Q. -- 1 of 28, it's page 20 of 28.</p> <p>14 A. Yes.</p> <p>15 Q. And it's that numbered paragraph 6.</p> <p>16 A. Yes.</p> <p>17 Q. And it says at the beginning of</p> <p>18 paragraph 6: The reorganized debtor may sell</p> <p>19 or refinance the real property, or any</p> <p>20 component thereof, at any time if the proceeds</p> <p>21 of the sale or refinance are sufficient to pay</p> <p>22 all allowed claims in classes 1 through 5 and</p> <p>23 sums otherwise required to be paid under the</p> <p>24 terms of this plan. Any sale of real property</p> <p>25 shall be (a) free and clear of all liens and</p>	<p style="text-align: right;">Page 57</p> <p>1 ERIC ORSE</p> <p>2 monetary encumbrances pursuant to section 363</p> <p>3 of the Bankruptcy Code, and (b) exempt from</p> <p>4 excise tax pursuant to section 1146 of the</p> <p>5 Bankruptcy Code and section 458-AIA-207 of the</p> <p>6 Washington Administrative Code.</p> <p>7 Do you understand that this</p> <p>8 provision expressly restricts CDC Properties I</p> <p>9 LLC's ability to transfer the property without</p> <p>10 paying all of the claims, which obviously</p> <p>11 includes the secured lenders' claims, the</p> <p>12 Noteholder?</p> <p>13 A. I understand what you're saying,</p> <p>14 yes.</p> <p>15 We -- we sold with the liens</p> <p>16 attached to the properties. So we feel that</p> <p>17 we are okay with what's -- what it says in</p> <p>18 number 6.</p> <p>19 Q. Well, so how do you reconcile that</p> <p>20 position with the sentence that says: Any</p> <p>21 sale of the real property shall be free and</p> <p>22 clear of all liens and monetary encumbrances?</p> <p>23 A. I -- I can't answer that. I just</p> <p>24 know that we -- we sold them when we felt it</p> <p>25 was appropriate. As long as the lien stayed</p>

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2 with the property, the lender, secured lender,
3 was in the same position.

4 Q. But the property was sold not free
5 and clear of the security interest held by the
6 Noteholder. It was sold subject to the --

7 A. Correct.

8 Q. -- the interest held by the
9 Noteholder.

10 So the sale of the real property of
11 the properties was not free and clear of those
12 liens, correct?

13 A. That's correct. We sold it -- at
14 the time that was our belief, that we could
15 sell it with the liens attached and still
16 be -- you know, fall in line with a confirmed
17 bankruptcy plan.

18 Q. And this -- the exemption from the
19 excise tax, that -- this is the provision that
20 you're relying on for the sale of the
21 properties as opposed to the membership
22 interest, right?

23 A. Yes.

24 Q. So you rely on this for the
25 benefit, the tax benefit, that CDC Properties

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2 I LLC received, correct?

3 A. Yes.

4 Q. So, you know, as you sit here
5 today, sort of notwithstanding what -- strike
6 that.

7 We've gone over the deed of trust,
8 the deeds of trust that state that the
9 Noteholder -- strike that -- that state that
10 the CDC Properties I LLC cannot transfer the
11 properties without consent of the Noteholder,
12 correct?

13 MS. CAREY: Would you repeat that
14 question, please.

15 MR. MONAHAN: I would be happy to.

16 Q. We just reviewed the provision of
17 the deeds of trust --

18 A. Yes.

19 Q. -- that prohibits CDC Properties I
20 LLC from transferring the properties without
21 consent of the Noteholder, correct?

22 A. Yes.

23 Q. And we just reviewed the provision
24 of the plan that prohibits the transfer of the
25 properties only if they are free and clear of

1 ERIC ORSE

2 all liens and encumbrances, correct?

3 A. Yes.

4 MS. CAREY: Counsel, are you asking
5 him for a legal opinion or what is his
6 opinion?

7 MR. MONAHAN: I'm asking him just
8 what we were just talking about. I'm
9 just orienting him with where we are.

10 Q. In light of these provisions, how
11 do you reconcile those provisions with your
12 statement in the purchase agreement that you
13 were authorized to effect the sale of these
14 properties on behalf of CDC Properties I LLC?

15 A. Again, I'm not going to give a
16 legal opinion obviously, but when we did this
17 transaction, we thought we were in compliance
18 with section 6 of the confirmed bankruptcy
19 plan.

20 Q. What about the deeds of trust?

21 A. Again, we relied on section 6 here.

22 Q. Was an analysis performed--without
23 giving me the contents of what that analysis
24 was--as to the deeds -- as to whether the
25 transfer was in compliance with the provisions

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2 of the deeds of trust?

3 A. I can't answer that. I would have
4 to ask counsel. I didn't do it myself, but,
5 again, I was relying on the confirmed
6 bankruptcy plan, section 6 --

7 Q. So as --

8 A. -- at the time of the transaction.

9 Q. As you sit here today, you don't
10 know whether a -- an analysis of the deeds of
11 trust was performed in connection with the
12 transaction?

13 A. Well, I didn't do it myself, but
14 that's why I have counsel.

15 Q. No. Understood.

16 And you, sitting here today, just
17 simply don't recall?

18 A. Don't recall.

19 MR. MONAHAN: Can we take
20 five minutes?

21 MS. CAREY: Sure.

22 MR. MONAHAN: Does that work?

23 THE VIDEOGRAPHER: The time is
24 2:41 p.m. We're off the record.

25 (Recess taken from 2:41 p.m. to

1 ERIC ORSE

2 2:54 p.m.)

3 THE VIDEOGRAPHER: The time is
4 2:54 p.m. We're on the record.

5 BY MR. MONAHAN:

6 Q. If we can turn back to the plan,
7 Exhibit 9 --

8 A. Yes.

9 Q. -- you mentioned that you felt that
10 section 6 gave you the authority to effectuate
11 the sale of the properties held by CDC
12 Properties I LLC.

13 A. Yes.

14 Q. Do you remember that testimony?
15 What provision gave you that
16 authority? Can you point me to the language
17 that you were relying on for that authority.

18 A. Can you show me which page it's on
19 again? Is it 19 --

20 Q. Yeah, it's 20 -- 20 of 28.

21 A. 20 of 28?

22 Q. And just before, just to clarify
23 the record, you mentioned section 6. The plan
24 is organized in various bolded headings.
25 There's a section 6 on page 19 that is source

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2 of plan payments. We've been referring to
3 section 6 colloquially here as what I believe
4 is section 7, means for execution of the plan,
5 paragraph 19 -- I mean, paragraph 6.

6 And I just want to make sure that
7 when you reference section 6, you're referring
8 to this paragraph 6 on page 20 of 28.

9 A. That's correct.

10 Q. Okay.

11 A. Part of Roman numeral VII,
12 paragraph 6.

13 Q. Exactly, yes.

14 A. So we -- when we looked at this, we
15 looked at the claims, classes 1 to 5, and we
16 were told by the lender that all the unsecured
17 creditors had been paid. We made the
18 assumption that class 3 and 4, which is the
19 secured lender, we sold subject to the liens.

20 And classes 1 and 2, which is
21 Centrum, we assumed, since the properties were
22 in receivership, that he was out -- out of
23 that -- out of the picture at that point,
24 since the properties went to -- into a
25 receivership. That's what we relied on.

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2 Q. So just I'm struggling to
3 understand that because I -- you know, I
4 follow you that if the -- the language is if
5 the proceeds of the sale or refinance are
6 sufficient to pay all of the allowed claims in
7 classes 1 through 5. And class 3 and 4 is the
8 Noteholder --

9 A. Yes.

10 Q. -- correct?

11 A. Yes.

12 Q. And the transaction that was
13 consummated, the sale of the properties by CDC
14 Properties I LLC, did not pay the claims for
15 the Noteholder, correct?

16 A. The hundred thousand dollars did
17 not pay the claim of the Noteholders, that is
18 correct.

19 Q. So I'm struggling to understand how
20 this reference that requires the claims in
21 classes 1 through 5, including the Noteholder
22 class 3 and 4, is satisfied or authorized the
23 sale that we've been talking about.

24 MS. CAREY: Mr. Monahan, Mr. Orse
25 has -- you've asked that question

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2 previously, and Mr. Orse has given you
3 his view of why he thought he was
4 authorized.

5 MR. MONAHAN: And I'm drilling down
6 on his -- what his view is based on when
7 he's talking about class 3 and 4.

8 MS. CAREY: He's given you that
9 answer.

10 MR. MONAHAN: You can enter the
11 objection, but I still want an answer to
12 my question.

13 MS. CAREY: Under the objection,
14 you may answer the question.

15 A. We sold them subject to the liens.

16 Q. But you agree with me that no
17 payment whatsoever out of this transaction was
18 paid to the Noteholder, correct?

19 A. Of the hundred thousand dollars,
20 no. The money is sitting in escrow.

21 Q. And no payment out of this sale was
22 paid to the Noteholder, correct?

23 A. That's right. Yes.

24 Q. You've been mentioning that you
25 sold the properties subject to the liens,

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correct?

A. Yes.

Q. What provision in section 7, paragraph 6, or anywhere else in the plan, authorized you to sell the properties subject to the liens?

A. Well, again --

Q. Where do you get that "subject to the liens" language?

A. We relied on this section 6 in selling the properties and selling the properties subject to the secured lenders' liens was the position we took with regards to number 6 here.

Q. But you agree with me, it doesn't say if the proceeds are sufficient of the sale or refinancing are sufficient to pay all allowed claims or are subject to the liens?

A. It does not say that.

Q. Subject to the liens is not anywhere in that paragraph and isn't anywhere in the plan, correct?

A. It is not in there.

Q. So where did you -- you keep saying

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we transferred the properties subject to the liens. Which -- what provision -- where are you getting that from? Where -- where are you getting that authority from that you were entitled to transfer it subject to the liens?

A. Again, I'm just going to repeat myself. We sold it subject to the liens which we felt was in compliance with section 6.

Q. So after the agreement is executed, the purchase agreement -- which we marked as Exhibit 9?

A. Yes. Or --

MS. CAREY: No.

THE WITNESS: No.

MR. MONAHAN: Is that right? Or is it 10?

A. ??

Q. That was -- oh, you're right. You're right. Doing badly on my number now.

MS. CAREY: It's Number 7.

MR. MONAHAN: Thank you.

Q. So the purchase agreement, Exhibit Number 7, called for a purchase price of a hundred thousand dollars, correct?

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A. Yes.

Q. And was that ultimately paid?

A. Yes.

Q. And how was that paid?

A. A wire transfer, I believe. It was a wire transfer to Karr Tuttle Campbell's escrow account.

Q. And at the time the purchase agreement, Exhibit 7, was signed, had the purchaser or its representatives been provided with the CDC plan?

A. I don't know the answer to that. It was done around that time. I don't know the exact date.

MR. MONAHAN: Can you mark this as 10, if that's the number.

(Exhibit 10 was marked for identification.)

A. (Reviewing.)

Q. Now, Mr. Orse, have you seen the document marked as Exhibit 10 --

A. Yes.

Q. -- before?

And -- and what is it?

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A. It is a declaration of Michael Feinberg dated December 2, 2016.

Q. And if you'll turn to what's Exhibit A of that -- of that document, you'll see an email dated August 3, 2016, from Mr. Feinberg. It copies you.

Do you recall receiving that email?

A. I don't.

Q. Is that your email, eorse@orseco.com?

A. It is.

Q. Do you have any reason to believe that you didn't receive the email on or about August 3?

A. No reason to believe I did not receive it.

Q. And if you'll see, Mr. Feinberg is emailing Robyn Tuerk the deeds of trust and the confirmed bankruptcy plan.

Do you see that?

A. I do.

Q. And is it your understanding that the deeds of trust and the plan are -- were available for download at that link?

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A. Yes.

MR. MONAHAN: And, Ms. Carey, I'll just ask you to confirm. Your document production included this email with the link but not the documents themselves.

Are you able to make a supplemental production of the documents showing the transmittal? Or will you --

MS. CAREY: I think after a certain period of time that link is broken.

And I'd have to do a whole new link. I've just gone through this recently in another document production, and that link is no longer there.

So I can do that, but it will not obviously be the same -- it will not be a replication of this.

MR. MONAHAN: And maybe we can talk about this offline if it needs more than that, but are you able to attest that these documents were available at that link?

MS. CAREY: I can attest to that.

MR. MONAHAN: Thank you.

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Q. And if you'll turn now to the following page, to Exhibit B, you'll see an email from Ms. Carey saying: See paragraph 6 of the attached plan of reorganization.

A. The attached plan actually is on that one, .pdf.

Q. And do you understand her to be referring to the paragraph 6 that we've been discussing?

A. Yes.

Q. So do these documents refresh your recollection that the purchaser had been provided with copies of the plan of reorganization and all of the deeds of trust at the time that the -- that the agreement was signed --

A. Yes.

Q. -- the purchase agreement was signed?

A. Yes.

MR. MONAHAN: Mark that as 11.

(Exhibit 11 was marked for identification.)

Q. Now, Mr. Orse, does this refresh

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your recollection that the -- that hundred-thousand-dollar wire came in on or about September 15, 2016?

A. Yes.

Q. And you'll notice in Ms. Tuerk's email of September 15, which has been marked as Exhibit 11, she says: I still owe you entity names.

Do you know what that was in reference to?

A. I do not.

Q. At this point, you know, the money's in the bank. The agreement's signed. Did you understand who the properties were being conveyed to, what individual or entity?

A. Well, at this point, my understanding was whatever the purchase or sale agreement says. So CDC Member LLC.

Q. And the due diligence you had conducted on CDC Member LLC at that point may have included some Google searches, correct?

A. Yeah.

Q. And nothing more than that?

A. Right.

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Q. So at this point in time, you know, the money's in the bank, the agreement's signed. Are you in a position to close at that point? Is there anything -- what's the status of the deal, basically?

A. I think there was a couple days of heavy paperwork done by Marti Munhall, who was a Karr Tuttle Campbell paralegal, just pulling all the documents together for closing. But otherwise, yes, we were ready to close.

Q. So the other documents would be really just the quitclaim deeds, correct?

A. Yeah.

Q. Any other documents that you can specifically recall?

A. I don't recall.

MR. MONAHAN: 12?

(Exhibit 12 was marked for identification.)

Q. And have you seen this document before?

A. (Reviewing.)

Yes.

Q. And what is it?

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A. It's a side letter with regards to the transfer of the money, it looks like.

Q. This governed the terms of Ms. Carey's firm holding the hundred thousand dollars in escrow?

A. Yes.

Q. And at this point, did you have any understanding of who Ms. Linda Greenfield was?

A. No.

Q. As you sit here today, do you have any idea who she is?

A. Only that she's the signer on the CDC membership interest, as well as the -- I think -- yeah, the CDC membership interest -- LLC interest. Sorry.

(Exhibit 13 was marked for identification.)

Q. Now, Mr. Orse, you can just take a moment to review Exhibit 13.

A. (Reviewing.)

Yes.

Q. And have you seen Exhibit 13 before today?

A. You mean all the emails in it or...

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Q. Yeah, the email chain in general.

A. It's a -- looks like a string -- yeah, a chain. Yeah, I'm sure I have, yes.

Q. That's your email there in the cc?

A. Yes.

Q. And you have no reason to dispute that you received that email on or about September 22, 2016?

A. No reason to dispute it.

Q. And if -- you'll see here Ms. Tuerk, at the beginning of this email, states: The buyer is a tenancy in common consisting of the following entities.

And then she lists the four debtors in this bankruptcy case.

A. Yes.

Q. Was this -- to refresh your recollection from Ms. Tuerk's prior email that was Exhibit 11, was this the first time that you were informed of the entities that would be the ultimate transferees or purchasers of the properties?

A. Yes.

Q. So this late in the game, you know,

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the money's in the bank, the agreements are all signed. Was it odd or peculiar that you're just now learning who the transferees would be?

A. I think the agreement allows for the assignment, you know, the purchaser to be a CDC member or -- I think the purchase and sale agreement allows for the buyer to be the CDC membership -- I'm sorry -- the CDC LLC or assignee.

It was a little unusual but it was allowed and I -- in the Prium case I had a lot of tenant in common setups, not in CDC but in other portfolios. So, I mean, didn't shock me but, yeah, it's a little late. It was a little late.

Q. Did you, you know, ever ask any questions about these four entities?

A. I didn't personally, no.

Q. Do you know if your counsel did?

MS. CAREY: That's attorney-client privilege.

A. I don't know.

Q. Did you -- was any due diligence

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conducted with respect to the four entities, to your knowledge?

A. No.

MS. CAREY: No -- no, to your knowledge? Or no, you don't know? Which --

A. Did I do any due diligence? No.

Q. Did you direct anyone to do any due diligence on your behalf?

A. No.

Q. Did you find it odd at all that the four entities were incorporated in four separate states, Florida, Virginia, Delaware, and New York?

A. Again, I didn't -- I didn't focus on that.

Q. So you -- did you just not notice it or you -- you didn't ask -- ask any questions --

A. I just didn't notice it. I didn't -- it was not something I was focusing on.

Q. As you sit here today, do you find it odd that it's four different jurisdictions

<p style="text-align: right;">Page 78</p> <p>1 ERIC ORSE</p> <p>2 for the tenants in common?</p> <p>3 A. Yes, probably.</p> <p>4 Q. And you'll see here at the bottom</p> <p>5 of this email, second -- third to last</p> <p>6 sentence, Ms. Tuerk says: Closing is</p> <p>7 anticipated Monday.</p> <p>8 So we're in the home stretch,</p> <p>9 right?</p> <p>10 A. Yes.</p> <p>11 Q. In the course of these discussions,</p> <p>12 did you ask for certificates of good standing</p> <p>13 for the four entities?</p> <p>14 A. I didn't.</p> <p>15 Q. Did you direct anyone to ask for</p> <p>16 those on your behalf?</p> <p>17 A. I did not.</p> <p>18 Q. Did you ever seek to determine who</p> <p>19 the purchasers, the ultimate purchasers of the</p> <p>20 property were, the owners of the four</p> <p>21 entities?</p> <p>22 A. No.</p> <p>23 Q. Did you direct anyone to find that</p> <p>24 out on your behalf?</p> <p>25 A. No.</p>	<p style="text-align: right;">Page 79</p> <p>1 ERIC ORSE</p> <p>2 Q. As you sit here today, what do you</p> <p>3 know about the four LLC purchasers?</p> <p>4 A. I -- I don't know -- I just know</p> <p>5 some names that have been asked of me, David</p> <p>6 New's deposition, and I didn't know any of</p> <p>7 those people.</p> <p>8 The only -- one piece of due</p> <p>9 diligence we did was we did confirm that none</p> <p>10 of the entities were associated with Tom Price</p> <p>11 or Hyun Um, which I had to do as a trustee.</p> <p>12 Q. And do you recall when that inquiry</p> <p>13 was made?</p> <p>14 A. I don't know the exact date, but it</p> <p>15 was made right around this time.</p> <p>16 Q. Was it before or after closing?</p> <p>17 A. I don't know the answer to that.</p> <p>18 Q. Are you familiar with an entity</p> <p>19 called Consulting Solutions Group LLC?</p> <p>20 A. I am not.</p> <p>21 Q. Are you familiar with a -- an</p> <p>22 entity called Superior Note Solutions LLC?</p> <p>23 A. I am not.</p> <p>24 Q. As you sit here today, do you know</p> <p>25 who owns these four entities, who owns the</p>
<p style="text-align: right;">Page 80</p> <p>1 ERIC ORSE</p> <p>2 debtors?</p> <p>3 A. I do not.</p> <p>4 Q. So at this time, sir, you're on the</p> <p>5 verge of closing. You know, what did you know</p> <p>6 about Robyn Tuerk?</p> <p>7 A. That she was the attorney for the</p> <p>8 buyer.</p> <p>9 Q. Anything more than that?</p> <p>10 A. No.</p> <p>11 Q. Do you know -- at this time did you</p> <p>12 know what Philips International was?</p> <p>13 A. Not -- a law firm, I thought.</p> <p>14 Q. Did you understand Ms. Tuerk to be</p> <p>15 acting on behalf of Philips International?</p> <p>16 A. Only because her -- that was her</p> <p>17 signature on her emails.</p> <p>18 Q. Did you conduct any due diligence</p> <p>19 with respect to Philips International?</p> <p>20 A. No.</p> <p>21 Q. What was your understanding of who</p> <p>22 Ms. Tuerk represented in this transaction?</p> <p>23 A. I just understood she represented</p> <p>24 the buyer.</p> <p>25 Q. So that would be CDC Member LLC?</p>	<p style="text-align: right;">Page 81</p> <p>1 ERIC ORSE</p> <p>2 A. Yes.</p> <p>3 Q. Would that include Seahawk</p> <p>4 Portfolio LLC? The four debtors as well?</p> <p>5 A. Yes.</p> <p>6 Q. Did she ever tell you explicitly</p> <p>7 who she represented in this matter?</p> <p>8 A. I never talked to her.</p> <p>9 Q. All --</p> <p>10 A. So the only thing we have are the</p> <p>11 email -- that I was involved in were the</p> <p>12 emails.</p> <p>13 Q. Upon Mr. Yamaguchi's approach to</p> <p>14 you and the closing --</p> <p>15 A. Yes.</p> <p>16 Q. -- were all communications and</p> <p>17 negotiations with respect to this purchase and</p> <p>18 sale conducted through Ms. Tuerk as the</p> <p>19 represent- -- as the representative of the</p> <p>20 purchaser?</p> <p>21 A. Will you please reask that.</p> <p>22 Q. Sure.</p> <p>23 Did -- were there communications</p> <p>24 with anyone else aside from Ms. Tuerk on</p> <p>25 behalf of the buyers in connection with this</p>

<p style="text-align: right;">Page 82</p> <p>1 ERIC ORSE</p> <p>2 transaction?</p> <p>3 A. After the initial --</p> <p>4 Q. After --</p> <p>5 A. -- email?</p> <p>6 Q. -- Mr. Yamaguchi's initial --</p> <p>7 A. Not that I'm aware of but -- not</p> <p>8 that I had.</p> <p>9 Q. But your counsel may have had --</p> <p>10 A. May have.</p> <p>11 Q. -- had email or other</p> <p>12 communications that you weren't a party to?</p> <p>13 A. Could be, yes.</p> <p>14 Q. As you sit here today, what do you</p> <p>15 know about Philips International? Anything</p> <p>16 more than what you knew at the time?</p> <p>17 A. No. I don't know anything else.</p> <p>18 Q. Do you know who a gentleman named</p> <p>19 Michael Pilevsky is?</p> <p>20 A. I do not.</p> <p>21 Q. Did you -- had you heard his name</p> <p>22 at any time prior to closing?</p> <p>23 A. Yeah. Let me restate that.</p> <p>24 I've heard all these names post</p> <p>25 closing. I didn't know any of these people at</p>	<p style="text-align: right;">Page 83</p> <p>1 ERIC ORSE</p> <p>2 the time we were doing the transaction.</p> <p>3 Q. Understood.</p> <p>4 And other than questions that may</p> <p>5 have been asked of you in connection with your</p> <p>6 prior deposition --</p> <p>7 A. Right.</p> <p>8 Q. -- do you know anything other than</p> <p>9 Mr. Michael Pilevsky, other than those</p> <p>10 questions that were asked of you?</p> <p>11 A. Yeah. No, I've never heard of him.</p> <p>12 Q. With respect to a gentleman named</p> <p>13 Seth Pilevsky, at the time of closing and</p> <p>14 prior -- at the time of closing, had you ever</p> <p>15 heard the name Seth Pilevsky?</p> <p>16 A. No.</p> <p>17 Q. Other than questions that were</p> <p>18 asked of you in connection with the Washington</p> <p>19 state court deposition that you gave, have you</p> <p>20 heard of Seth Pilevsky?</p> <p>21 A. No.</p> <p>22 Q. At the time of closing, did you</p> <p>23 know who the gentleman named Scott Switzer</p> <p>24 was?</p> <p>25 A. No.</p>
<p style="text-align: right;">Page 84</p> <p>1 ERIC ORSE</p> <p>2 Q. Even outside of the context of this</p> <p>3 transaction, just bankruptcy restructuring</p> <p>4 generally, had you ever heard of Mr. Switzer?</p> <p>5 A. No.</p> <p>6 Q. Since closing, did you -- were you</p> <p>7 subsequently told about who Mr. Switzer was?</p> <p>8 A. No. I mean, I've heard his name</p> <p>9 and I've seen him in emails, but I don't -- I</p> <p>10 haven't Google searched him or anything or...</p> <p>11 Q. You say you've heard his name in --</p> <p>12 have you heard Mr. Switzer's name other than</p> <p>13 in connection with the inquiry of you at your</p> <p>14 prior deposition or in communication with</p> <p>15 counsel?</p> <p>16 A. No.</p> <p>17 Q. Are you aware of Mr. Switzer's</p> <p>18 reputation within the restructuring and</p> <p>19 bankruptcy community in Washington?</p> <p>20 A. No.</p> <p>21 Q. Are you aware of his reputation</p> <p>22 within the real estate community in</p> <p>23 Washington?</p> <p>24 A. No.</p> <p>25 Q. Are you aware of his reputation</p>	<p style="text-align: right;">Page 85</p> <p>1 ERIC ORSE</p> <p>2 with bankruptcy judges in the state of</p> <p>3 Washington?</p> <p>4 A. No.</p> <p>5 Q. Are you aware that Mr. Switzer was</p> <p>6 involved with this deal?</p> <p>7 A. After?</p> <p>8 Q. As you sit here today, are you</p> <p>9 aware that Scott Switzer was involved with</p> <p>10 this deal?</p> <p>11 A. I'm only aware that his name has</p> <p>12 come up as -- as somebody asked -- somebody</p> <p>13 asked -- I guess David New asked me about him.</p> <p>14 So I don't know anything else other than that.</p> <p>15 I assumed he was -- must be if</p> <p>16 people are asking me those questions. But</p> <p>17 again, I do not know who the gentleman is.</p> <p>18 Q. Are you aware of -- strike that.</p> <p>19 Are you aware that Mr. -- as you</p> <p>20 sit here today, are you aware that Mr. Switzer</p> <p>21 was involved in this deal? Other than your</p> <p>22 assumption from the questions.</p> <p>23 A. No.</p> <p>24 Q. At the time of closing or any time</p> <p>25 prior, had you conducted any due diligence on</p>

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2 Mr. Yamaguchi?

3 A. I think when we originally got the
4 inquiry we Googled him and found his name
5 associated with an entity. I don't remember
6 the name of it. But I think that was about
7 the extent of our due diligence. It was
8 probably whatever his email address was.

9 Yeah, S -- SNS.

10 Q. Yeah. As I -- I did the same
11 extensive due diligence in advance of this
12 deposition.

13 A. Right.

14 (Exhibit 14 was marked for
15 identification.)

16 A. Can I restate something about Scott
17 Switzer?

18 Q. You certainly may.

19 A. So I should retract what I said
20 before. I read some of the pleadings in the
21 New York case, and I think there's reference
22 to Scott Switzer in there. I don't recall
23 what it was but -- so I do -- I am aware that
24 he's part of that, only through reading those
25 pleadings in the New York case.

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2 Q. So only through pleadings and
3 questioning from attorneys representing my
4 client?

5 A. Right.

6 But the only knowledge I would have
7 with him associated is what was put in the
8 pleadings.

9 Q. Understood.

10 A. Okay.

11 Q. So turning back to my private
12 investigator work here --

13 A. Yes.

14 Q. -- I did what I assume is the same
15 thing, a Google search of SNS LLC, which is --
16 you understood to be Mr. Yamaguchi's entity,
17 correct?

18 A. Right.

19 Q. And -- and then his name. And
20 then --

21 MS. CAREY: Go ahead. Answer --
22 ask your question.

23 Q. And then click through to the
24 following page of this exhibit, which is the
25 first -- the first page --

1 ERIC ORSE

2 A. Yeah.

3 Q. -- which is the -- if you'll turn
4 the page to the following page or the page
5 subsequent.

6 Do you have a page that looks like
7 this?

8 A. Oh, sorry. There's a third page.
9 Yeah.

10 Q. Do you recall seeing this page in
11 connection with that search?

12 MS. CAREY: Objection. I don't
13 think you've established that he has
14 done the exact same search that you did.

15 MR. MONAHAN: Okay. Understood.

16 MS. CAREY: He said he did a Google
17 search, but he did not indicate what
18 exactly.

19 MR. MONAHAN: Understood. I think
20 the testimony will speak for itself
21 but...

22 Q. Have you seen this page before?

23 A. I don't recall seeing it, no.

24 Q. And you had earlier mentioned that
25 you had searched for Mr. Yamaguchi's entity,

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2 correct?

3 A. Yes. Well, I don't know if I
4 searched for his entity, but I think I looked
5 up his name and his entity came up.

6 Q. And that entity was SNS LLC,
7 correct?

8 A. Yes.

9 Q. Do you have any reason to believe
10 it would be anything other than this website,
11 snsll.com, which lists Mr. Yamaguchi as an
12 analyst?

13 A. Yeah, I don't know. I can't
14 recall.

15 Q. Other than -- strike that.

16 Did you ever have any direct
17 communications with Mr. Yamaguchi?

18 A. No. I mean, you mean via email or
19 via --

20 Q. Either/or.

21 Did you send an email --

22 A. Well --

23 Q. -- to Mr. Yamaguchi directly? Or
24 did he email you directly? Or was it all done
25 through Ms. Carey or her firm?

ERIC ORSE

A. I believe you've seen everything that was exchanged between myself and Mr. Yamaguchi. Which, by the way, I didn't even know was a Mr. Yamaguchi until you said that.

Q. I think it may be an assumption on my part as well.

In the course of this deal, did you ever come to an understanding of what Mr. Yamaguchi's intent was with respect to the party -- with respect to the properties?

A. No.

Q. Did you ever come to an understanding of what CDC Member LLC or the debtors, what their intent was with respect to the properties?

A. No.

MR. MONAHAN: Just one second. 15?

(Exhibit 15 was marked for identification.)

Q. Mr. Orse, have you seen the documents I had placed before you as Noteholder Exhibit 16?

ERIC ORSE

A. I would say yes, since I signed it.

Q. That's your signature on each of these quitclaim deeds?

A. Yeah.

Q. And I believe I misspoke. It's Exhibit 15, not 16, correct?

A. That's correct.

Q. Thank you.

Was any consideration paid to CDC Properties I LLC, other than the hundred thousand dollars, to sign these quitclaim deeds?

A. No.

Q. So at this point when these quitclaim deeds were filed -- so the first one is filed on September 28. I believe we'll go to an email momentarily, but others were subsequently filed in the day or so after.

Did you consider the deal done?

A. Yes.

Q. So everything had been closed at that point?

A. Yes.

Q. Nothing else needed to occur to

ERIC ORSE

consummate the -- the deal?

A. You mean after we filed the quitclaim deed?

Q. Correct.

A. Yes.

MR. MONAHAN: Okay.

THE VIDEOGRAPHER: This is the end of tape number 1 of the deposition of Eric Orse. The time is 3:32 p.m. We're off the record.

(Recess taken from 3:32 p.m. to 3:38 p.m.)

THE VIDEOGRAPHER: This is the beginning of tape 2 of the deposition of Eric Orse. The time is 3:39 p.m. We're on the record.

BY MR. MONAHAN:

Q. So before the break, we had just discussed momentarily the quitclaim deeds filed sort of beginning on or about September 28, 2016, the deals closed, right?

A. Yes.

MR. MONAHAN: Can we have this as 16, please.

ERIC ORSE

(Exhibit 16 was marked for identification.)

Q. Now, Mr. Switzer -- my apologies.

Mr. Orse, if I can have you turn to ORSE 158, which is an email from Mr. Yamaguchi to Ms. Carey, copying Scott Switzer.

A. Okay.

Q. Have you seen this document before today?

A. What's this refer to?

(Reviewing.)

I don't recall but -- this is on September 28?

(Reviewing.)

I don't -- I mean, I don't recall, but it could have possibly come my way.

Q. Now, I added the ORSE Bates stamps, but I will represent that this document was produced by your counsel.

A. Right.

Q. This came from either your counsel or your counsel's files, is that your understanding?

A. Yes.

ERIC ORSE

Q. And at or about this time on September 28, were you made aware of Mr. Switzer's involvement in this deal?

A. Again, I -- not that I -- if I was, it didn't register. I mean, I don't -- if I saw it, I saw it, but it didn't register.

Q. Understood.

A. Not knowing who he is.

(Exhibit 17 was marked for identification.)

Q. Now, Mr. Orse, have you seen this email before today?

A. Well, it was cc'd to me so...

Q. And that email there, orsecoeric@gmail.com, is that another email you use for Orse & Co. business?

A. It could be. Yes. I don't know the answer. I do have two or three other emails, but I don't usually read the Gmail one.

Q. But is -- is the Gmail -- is your Gmail address orsecoeric@gmail.com?

A. I don't know the answer.

Q. Yeah --

ERIC ORSE

A. I know that sounds ridiculous but --

Q. If you could take a moment to check, I'd appreciate it.

A. Yeah.

(Reviewing.)

THE WITNESS: Well, if -- Diana, if you have it in your email, it must be, right?

A. Yes, it is.

Q. And do you have any reason to believe that you didn't receive that email on or about September 30, 2016?

A. I have no reason why I wouldn't have received it, no.

Q. And if you'll see, it's an email from Ms. Carey to Ernie Velton and a number of other folks at a jshproperties.com email address. Is that -- that's the receiver, correct?

A. That's correct, yes.

Q. And you'll see Ms. Carey goes on to say: Please take note that as of at least September 30, 2016, Eric Orse, as management

ERIC ORSE

representative of Prium Development -- Dev. -- no longer has an ownership interest in the real properties of CDC Properties LLC.

Is it your understanding that she's making the statement because the transaction, the sale, had -- of those properties had closed?

A. Yes.

Q. And she goes on to say: The contact person for the new owner is June Diamant, Esquire.

And it gives a phone number and an email address.

A. Okay. Yes.

Q. Do you understand who Ms. Diamant is?

A. I do not.

Q. Had you ever heard the name before you received this email?

A. I don't recall. The name doesn't ring a bell with me but...

Q. Do you know if you or your counsel had any contact with her in connection with the sale of the properties or the negotiation?

ERIC ORSE

A. I do not.

Q. And if you'll just flip quickly to the quitclaim deeds, which is Exhibit 15 --

A. Yes.

Q. -- you'll see that Ms. Diamant is who the deeds are meant to be returned to after recording, on the top left.

Do you see that?

A. Yes.

Q. Do you have any understanding of -- do you know what that address in Cedarhurst, New York, is --

A. I do not.

Q. -- or what it's to?

And so other than Ms. Diamant's name on the recording or the email here from your counsel, do you have any understanding of who Ms. Diamant was or her role in this transaction?

A. I do not.

MR. MONAHAN: Mark this as 18.

(Exhibit 18 was marked for identification.)

Q. Now, Mr. Orse, have -- if I can

1 ERIC ORSE
2 have you turn to ORSE 77.
3 A. Okay.
4 Q. And it's an email from Ms. Carey to
5 Robyn Tuerk and Ms. Diamant. States: Can you
6 please give me assurances that Tom Price and
7 Hyun Um are not involved as parties or owners
8 in the TICS which acquired the CDC real
9 properties? We want -- we do not want to be
10 accused of failure to disclose/investigate
11 here.
12 A. Yes.
13 Q. Is this what you were referring to
14 earlier about the inquiry regarding their
15 ownership --
16 A. Yes.
17 Q. -- of the properties?
18 A. Yes.
19 Q. Do you think this was a little late
20 in the game to be doing this type of due
21 diligence or asking these questions?
22 A. Ideally you'd like to do it before
23 the transaction, yes.
24 Q. Before the closing, correct?
25 A. Before closing, yes.

1 ERIC ORSE
2 Q. Other than this email -- I believe
3 this was one of the emails you referenced or
4 one of the things you mentioned as due
5 diligence you did with respect to the
6 purchasers --
7 A. Yes.
8 Q. -- on the transaction.
9 Had you done any other due
10 diligence or made any other inquiries of the
11 purchasers in connection with the transaction?
12 A. No.
13 Q. And if you'll just go with me to
14 ORSE 76 --
15 A. Yes.
16 Q. -- you'll see that Ms. Carey sends
17 an email on Wednesday, October 5, at 2:11 p.m.
18 which copies you at eorse@orseco.com.
19 Do you see that?
20 A. Yes.
21 Q. Do you have any reason to believe
22 that you didn't receive that email, which
23 would include the email chain below?
24 A. No. I should have received it.
25 (Exhibit 19 was marked for

1 ERIC ORSE
2 identification.)
3 Q. Mr. Orse, was this letter sent on
4 your behalf by counsel John Rizzardi, counsel
5 in the Prium Companies LLC -- I'm sorry -- as
6 counsel to Prium Companies LLC?
7 A. Yes.
8 Q. Was this letter sent at your
9 direction?
10 A. Yes.
11 (Exhibit 20 was marked for
12 identification.)
13 Q. Now, Mr. Orse, I'm actually going
14 to ask you questions about the letter that was
15 attached to this email as ORSE 70, but before
16 I do that, if you can just confirm for me that
17 that's your email that appears here in the cc
18 line and you have no reason to believe that
19 you did not receive the December 7, 2016,
20 email from Ms. Carey here.
21 A. Yes, that's my email, and I believe
22 I would have received it, yes.
23 Q. And if you'll turn to ORSE 70 --
24 A. Okay.
25 Q. -- you'll see it's a letter from

1 ERIC ORSE
2 Ms. Carey to a Mr. Rick Wathen.
3 A. Um-hum.
4 Q. Do you understand who Mr. Wathen
5 is?
6 A. I do.
7 Q. And who is he?
8 A. He is an attorney that represents
9 Derek Edmonds/Centrum.
10 Q. And was this letter sent on your
11 behalf?
12 A. This is a letter -- yes.
13 Q. And --
14 A. It's a response to Rick's letter to
15 us, yes.
16 Q. It was sent with your approval and
17 authority, correct?
18 A. Yes.
19 Q. And if you look at the first
20 sentence of the third paragraph there,
21 Ms. Carey says: CDC was not in any position
22 to contest the foreclosure.
23 A. Um-hum.
24 Q. What do you understand Ms. Carey to
25 be referencing by "the foreclosure" in there?

ERIC ORSE

A. I'm trying to define what CDC -- okay. So CDC Prop- -- okay.

So CDC was not in any position to contest the foreclosure, the planned foreclosure or the scheduled foreclosure around September 20 or so.

Q. And this is in connection with the state court action that was filed, correct?

A. Yes.

Q. And what do you understand that Ms. Carey meant by CDC was not in any position to contest that foreclosure?

A. That we were not going to contest it.

Q. We're not --

A. We meaning CDC, as management representative for CDC.

Q. You mean the CDC -- that you on behalf of CDC had determined that you were not going to contest it or that CDC had no basis to contest it?

A. I -- I don't know which one. So say it again.

MS. CAREY: Could you separate that

ERIC ORSE

question.

MR. MONAHAN: Yeah. Yeah, of course.

Q. At the time -- when you were in control of the properties on behalf of CDC and the foreclosure was noticed, did you, on behalf of CDC Properties I LLC, intend to contest that foreclosure?

A. I think what we're referring to here is, when we say what -- that we weren't in any position, we weren't in any position to do it financially, enter any more litigation, because we were trying to wrap up the Prium cases. So I think that's what we're referring to here.

I don't know if that answers your question but that was the intent, I believe.

Q. Do you know if you had conducted any analysis or had directed any analysis to be conducted as to whether there was any basis for CDC Properties I LLC to contest the foreclosure?

A. I -- I didn't do any analysis of that.

ERIC ORSE

Q. Had you directed your counsel to do so?

A. No.

Q. If you look at the fourth paragraph, now, here, the last sentence of that paragraph, it says: Contrary to your assertions, we had no knowledge that any purchasers were affiliated with Scott Switzer. Michael Feinberg, Eric Orse, and I had never heard of Scott Switzer until his name was raised by lenders' counsel, David New, after the sale closed.

Do you recall -- strike that.

Do you know what Ms. Carey is referencing when she mentions that Scott Switzer's name was raised by lenders' counsel, David New, after the sale closed?

A. That would have been when we were subpoenaed for the deposition. In mid October after closing is when Scott Switzer's name came up. That's what I believe she's referring to.

Q. And notwithstanding the email we discussed earlier with Mr. Switzer copied on

ERIC ORSE

it, other than that, you had no knowledge of Mr. Switzer --

A. No. I mean --

Q. -- until -- until that --

A. Yeah --

Q. -- deposition and litigation came up?

A. Right. Did any of us see Scott Switzer's name cc'd on an email string? I -- I didn't -- maybe I saw it. I didn't pay attention to it because I didn't know who he was.

Obviously now, based on everything that you're telling me, we know who it is. But we didn't -- it didn't, like -- I remember all of us sitting down saying we don't know who Scott Switzer is. And I just -- and now, obviously, we sat down and not -- it didn't catch any of our eyes, that -- that cc line.

Q. If you go to Ms. Carey's -- the second page of the -- of the letter, the first paragraph of that second page, the second sentence. It indicates: Orse had no direction communication with the buyers.

ERIC ORSE

You agree with that statement, correct?

A. Yeah.

Q. Would it surprise you to know that Mr. Switzer testified at the 341 meeting of creditors in this case that he spoke with you over the phone before you put him on to your attorneys in connection with this transaction?

A. It would surprise me, yes.

Q. That would be a lie, right?

A. I don't recall ever talking to Mr. Switzer.

Q. And if he were to say the opposite, that would be untrue, correct?

A. That would be true -- or untrue, yes.

Q. And when Ms. Carey indicates you had no direct communication with the buyers, all communications would have been through Ms. Carey or Mr. Feinberg, through your lawyers?

A. Yes.

Q. And Ms. Carey goes on in the second paragraph of this sentence to say: Olympia

ERIC ORSE

Office LLC, one of the TIC transferees, filed for bankruptcy protection in New York immediately prior to the scheduled foreclosure action.

Were you made aware of the bankruptcy proceedings sort of at or about the time they were initiated?

A. I think that night Diana sent me an email. My attorney, Diana Carey, sent me an email when it happened.

Q. And what was your -- what was your reaction when you found out about that?

A. I was surprised.

Q. Did you think it raised any issues of the intention of the buyers with respect to the purchase?

A. I mean, again, I'm not an attorney, so I don't quite grasp all the ins and outs. But, yeah, it was surprising that -- that that was the strategy, obviously, at that point. I didn't know it until then but...

Q. Just some quick...

Are you familiar with a company called GMC-CMI Inc.?

ERIC ORSE

A. No.

Q. Are you aware that they are an engineering services firm here in Washington?

A. I don't know who that is.

Q. You've never heard of them?

A. No.

Q. And you obviously had no interaction with them in connection with this transaction, correct?

A. No.

Q. Are you familiar with the company Kidder Matthews?

A. Yes.

Q. What do they do?

A. They're a commercial broker.

Q. Do you understand that they do appraisal services in --

A. Yes.

Q. -- connection with their brokerage services as well?

A. Sure.

Q. Did you have any interaction with Kidder Matthews in connection with this matter, this transaction?

ERIC ORSE

A. Yeah. I've used Kidder Matthews throughout the whole Prium case, in all the portfolios.

Q. Did -- in connection with the sale to the purchasers here, did Kidder Matthews conduct any work in connection with the sale, from Yamaguchi's approach to you to the closing?

A. Not that I recall.

Q. Do you understand that Kidder Matthews undertook any efforts with respect to an appraisal of the properties on behalf of the purchasers in connection with this transaction? Were you ever made aware of that?

A. No.

Q. Are you familiar with the law firm Lazer Aptheker Rosella & Yedid --

A. No.

Q. -- out of New York?

Obviously you had no interaction with them in connection with this deal?

A. No.

Q. Are you familiar with the

ERIC ORSE
accounting services company Margolin Winer &
Evens --

A. No.

Q. -- also out of New York?

A. No.

Q. And, again, obviously no
interaction with them in connection with this
deal?

A. No.

MR. MONAHAN: If I can just take
five minutes for a little housekeeping
and then should be...

THE VIDEOGRAPHER: The time is
4:03 p.m. We're off the record.

(Recess taken from 4:03 p.m. to
4:06 p.m.)

THE VIDEOGRAPHER: The time is
4:06 p.m. We're on the record.

BY MR. MONAHAN:

Q. Mr. Orse, as I just mentioned off
the record, I have just a quick housekeeping
piece, which is if you can turn to Exhibit 4,
which I placed on top of the stack in front of
you, again.

ERIC ORSE

This July 27, 2016, email from Kazu
Yamaguchi, that was sent to you at or about
that time to your email, your Gmail account
that we discussed earlier, correct?

A. Correct. Yes.

Q. And in connection with that email,
you also received the -- on the second page of
that chain, ORSE 589, you received the email
dated Monday, July 25, 2016, at 8:03 p.m.?

A. Yes.

Q. You received that as well, correct?

A. Yes.

Q. And then included in that chain,
obviously, is the email on page 591 dated
Thursday, July 21, 2016, at 12:36 p.m.

You received that as well, correct?

A. I received it as part of the chain?

Q. As part of the chain, exactly.

A. Yes. Yes.

MR. MONAHAN: Okay. I have no
further questions.

THE WITNESS: Can I correct one
item?

MS. CAREY: Mr. Orse would like to

ERIC ORSE
correct -- or not, correct --

THE WITNESS: Amend.

MS. CAREY: -- supplement one of
his answers.

BY MR. MONAHAN:

Q. That would be fine.

A. It was associated with -- I don't
know what exhibit it is now but it's the
letter that we sent to Rick Wathen. Do you
know what exhibit that is?

Q. Yeah. I can get that for you.

MS. CAREY: It's Exhibit 20.

MR. MONAHAN: Counsel is quicker
than me on these numbers, as she has
been all day.

MS. CAREY: And it's ORSE 070.

THE WITNESS: That's why. It's the
really big one.

BY MR. MONAHAN:

Q. It's the last two pages --

A. Yeah. Right.

Q. -- is the letter.

A. So you asked the question about CDC
was not in any position to contest the

ERIC ORSE

foreclosure. And I was -- Diana reminded me.

So we -- we weren't in the
position. However, we felt we actually had,
and had actually prepared in the spring of
2016 a motion--because of the fact that we
couldn't reconcile the accounting that we
talked about earlier with the lender--to
object to the receivership and the
foreclosure.

But based on Judge Snyder's urgency
in getting the case over with and the fact
that we didn't have a lot of resources--i.e.,
money to litigate in the Prium estate--that we
weren't in a position to move forward with
that. The judge made it very clear that we --
he didn't want any more litigation and he
wanted us to move forward.

Q. And this amendment to your answer
was something that came off the top of your
head? Or it was something you came up with in
connection with counsel during a meeting --

A. Well, she reminded me that prior to
the receivership, in that spring, we had been
preparing, when we couldn't get the corrected

ERIC ORSE

accounting of Paul Martin and David New, that we were going to move down that path. But then it became very clear, per Judge Snyder, that he didn't want to spend any more resources on it.

I bring that up because you asked me that question of why we thought there was -- we weren't in any position to contest the foreclosure.

Q. And that not being in any position also may have dealt with, obviously, the merits of that objection, correct?

A. No.

Q. It had nothing to do with the merits of the -- of the potential objection?

A. No.

Q. Was that potential objection, was that draft objection ever filed?

A. No.

Q. What state was it in when it was abandoned?

A. I don't -- you want me to give you a percentage done? Or I don't --

Q. Sure.

ERIC ORSE

A. -- I don't know. I don't recall, but probably 80 percent, 90 percent done.

Q. But it was -- doing the other 20 percent wasn't worth the resources, given the likely outcome?

A. No. The 20 percent would have been probably okay. It would have been the litigation that followed and stopping the receivership and/or stopping the foreclosure that the estates didn't have the resources for.

Q. In any event, the foreclosure was never contested by CDC?

A. It was not.

Q. And as it says here, CDC was not in a position to do so?

A. That's correct.

MR. MONAHAN: And with that, I have no further questions.

THE WITNESS: Great. Thank you.

MR. MONAHAN: Thank you.

THE VIDEOGRAPHER: Cross?

MS. CAREY: I have no questions.

THE VIDEOGRAPHER: This concludes

ERIC ORSE

today's video-recorded deposition of Eric Orse, consisting of two tapes.

The time is 4:11 p.m. We're off the record.

(Time noted 4:11 p.m.)

Eric Orse

Subscribed and sworn to before me this _____ day of _____, 2017.

CERTIFICATE

STATE OF WASHINGTON)
) SS.:
COUNTY OF ISLAND)

I, GWEN S. BRASS, a Certified Shorthand Reporter within and for the state of Washington, do hereby certify:

That Eric Orse, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness.

I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of March, 2017.

Gwen Brass, CCR 1908

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CORRECTIONS:

[illegible]

(Notary Public) MY COMMISSION EXPIRES: _____

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RECORDING REQUESTED BY

AND

WHEN RECORDED RETURN TO:

168682
REAL ESTATE EXCISE TAX
EXEMPT
Chelan County Treasurer
David E. Griffiths, CFA

By J. Day 1-8-16
Deputy

21739

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SPECIAL WARRANTY DEED

Grantor: CDC Properties I, LLC, a Delaware limited liability company acting through Eric Orse as Manager, pursuant to an order dated October 2, 2014, and amended February 27, 2015, in *In re Prium Companies, LLC*, Debtor, United States Bankruptcy Court for the Western District of Washington at Tacoma, Case No. 14-44512

Grantee: Confluence Health, a Washington non-profit corporation

Legal Description: Lot 1, Blk 7, Wenatchee Park Addition, Lots 3-6, Peachey Addition, Lots 8-10, Blk 7, Columbia Bridge Addition
Complete legal description on Exhibit "A".

Assessor's Tax Parcel ID#s: 22 20 10 771 620 and 22 20 10 771 632

The CDC Properties I, LLC, a Delaware limited liability company ("GRANTOR"), acting through Eric Orse as Management Representative, pursuant to an order dated October 2, 2014, and amended February 27, 2015, in *In re Prium Companies, LLC*, Debtor, United States Bankruptcy Court for the Western District of Washington at Tacoma, Case No. 14-44512, hereby BARGAINS, SELLS AND CONVEYS to CONFLUENCE HEALTH, a Washington non-profit corporation ("GRANTEE"), for the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, the following parcel of real property located in City of Wenatchee, County of Chelan, State of Washington, and more particularly described on Exhibit A attached hereto by this reference and incorporated herein.

#1021311 v2 / 45640.001



IN WITNESS WHEREOF, the said Grantor has executed this instrument, as of
January 7, 2016.

CDC PROPERTIES I, LLC
a Delaware limited liability company

By: 
Eric Orse, as Management Representative

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Eric Orse, Management Representative of CDC Properties I, LLC, is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED: January 17 2016.



Ashley R. Gordon
NOTARY PUBLIC in and for the State
of Washington, Residing at Seattle, WA
Ashley R. Gordon
(Printed or Stamped Name of Notary)
My appointment expires 10-19-18

#1021311 v2 / 45680-001

EXHIBIT A

LEGAL DESCRIPTION

A parcel of land in Lot 1, Block 7, Wenatchee Park Addition, according to the plat thereof recorded in Volume 2 of Plats, Page 42; Lots 3 through 6, inclusive, Block 7, Peachey Addition to Wenatchee, according to the plat thereof recorded in Volume 1 of Plats, Pages 69 and 70; and Lots 8 through 10, inclusive, Block 7, Columbia Bridge Addition, according to the plat thereof recorded in Volume 2 of Plats, Pages 9 and 10, all in Sections 10 and 11, Township 22 North, Range 20, E.W.M., Chelan County, Washington, more particularly described as follows:

Commencing at the City monument at the intersection of Mission Street and Ferry Street in said City; thence North 61°00' East, along the center line of said Ferry Street for 39.12 feet; thence North 29°00' West for 35 feet to the intersection of the Northerly line of said Ferry Street and the Easterly line of said Mission Street; thence North 15°40' West along said Easterly line of Mission Street for 289.16 feet to the True Point of Beginning for this description; thence continuing North 15°40' West along said Easterly line for 173.98 feet to the Southerly line of Bridge Street; thence North 61°03' East along said Southerly line for 283.13 feet; thence South 29°00' East for 10.00 feet; thence North 61°00' East for 7.00 feet; thence South 29°00' East for 116.41 feet; thence South 61°00' West for 231.14 feet; thence South 29°00' East for 42.64 feet; thence South 61°00' West for 99.15 feet to the True Point of Beginning, including those parts of all vacated streets and alleys lying within the above described boundaries,

AND TOGETHER WITH that portion of the Southerly half of Bridge Street lying adjacent to said premises as vacated by City of Wenatchee Ordinance No. 2557, recorded November 1, 1984, under Auditor's No. 8411010098,

EXCEPT the Westerly 10 feet for Mission Street 1958 improvements as deeded to the City of Wenatchee, Auditor's No. 681998, recorded July 30, 1968.

#1071311 v2 : 45640.001